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ECONOMIC, SOCIAL AND ENVIRONMENTAL CONSEQUENCES OF THE SITUATION BETWEEN IRAQ AND KUWAIT AND ITS SHORT-, MEDIUM- AND LONG-TERM IMPLICATIONS

Note by the Secretariat

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INTRODUCTION

1. The impact of the Gulf crisis was direct and devastating for several countries. For some others, among the developing countries, it substantially increased economic difficulties and reduced growth and growth prospects. It increased inflationary pressure in several countries where it adversely affected the implementation of adjustment and stabilization programmes. For the vast majority of oil-importing developing countries, it meant a deterioration in their terms of trade, increasing the balance-of-payments difficulties of the highly indebted among them. For many of the poorest countries - in particular, in sub-Saharan Africa - it implied further cuts of much needed imports.

2. The human costs were immeasurable. Much suffering and massive destruction was inflicted on the peoples in the war zone, particularly on the poorest. Not all the dead are counted yet, but at least 100,000 men, women and children died in the war. More than three times as many were injured; many disabled. The unprecedented environmental damage to climate and health is not yet fully assessed. The long-term consequences are yet to be determined since more than 400 oil wells are still burning or gushing oil. 1/ Millions of refugees and displaced persons suffered hardships and insecurity, and thousands of them still have to be resettled. Hundreds of thousands of migrant workers from developing countries had to flee the Gulf region, losing their livelihood overnight and abandoning savings and possessions. They and their families were suddenly impoverished. In the aftermath of the war, internal conflict in Iraq led to the flight of more than 2 million people - mostly Kurds, but also residents in the south. Many of them are back, but the dislocation in many towns and for thousands of families still persists.

3. The Gulf crisis affected peoples and individual countries in very different and uneven ways. The sudden jump in the price of oil contributed to a lowering of business and consumer confidence in the major developed countries. Such confidence was already being affected by an economic slowdown and by signs of recession, mainly in Canada, the United States and the United Kingdom. It is difficult to isolate and measure the indirect effect of the Gulf crisis, such as the negative multiplier effects of higher oil prices, in further slowing down the world economy and reducing demand for imports in the developed market economies.

4. On the whole the world economy has absorbed with relative ease the immediate shock of the Gulf crisis and of the war. 2/ Most estimates of the loss in world output growth attributed to the Gulf crisis do not reach a quarter of a percentage point in 1990. However, the estimated loss in GDP is higher - over half a percentage point - for the group of indebted oil-importing developing countries, where terms-of-trade losses were large and translated into a reduction in import volumes. Certain countries were affected very severely by trade disruption, increased oil bills, a worsening in their terms of trade, losses in workers remittances and in earnings from tourism and other services, and a massive influx of refugees and returning

migrants. The most affected countries were often ones which suffered from a combination of all these factors. 3/ Some of the adverse consequences, such as the costs of mobilizing coalition forces and the flare-up in oil prices, were temporary, although some of the inflationary reverberations were still being felt after the price of oil fell. Other consequences, such as the direct effects of the trade embargo, are still present - even if Kuwait has started some imports. And still others are of a long-term nature, such as the need to create employment for the repatriated and the renewed trend towards higher military expenditures in some countries in the Gulf area. The much reduced earnings from worker's remittances could also be of a long-term nature for some developing countries, given probable changes in the composition of the labour force in the Gulf area, in particular the composition of the foreign labour force.

I. RISE AND VOLATILITY OF OIL PRICES

5. The most widespread consequence of the Gulf crisis - the one that affected the largest number of countries - was the sudden increase in the price of crude oil and its extreme instability in the period between the invasion of Kuwait and the end of the war. 4/ Oil prices, which were about $17 per barrel at the end of July 1990, went up sharply and reached $40 by the end of September; they were swinging between $30 and $41 in October, before easing somewhat in the last months of 1990. The average price in 1990 was $22.20, 27 per cent higher than in 1989.

6. The rise in oil prices had adverse consequences for most oil-importing countries. A small number of countries, however, derived from it a short-lived windfall benefit. Several oil-exporting countries obtained higher revenues not only from the price increase but from additional exports that replaced supplies from Iraq and Kuwait after the embargo imposed by Security Council resolution 661 (1990). Countries that were producing below their capacity and that had, thus, enough flexibility to increase their production almost immediately had extra benefits. The combined oil revenues of the Organization of Petroleum Exporting Countries (OPEC) member countries was $39 billion higher in 1990 than in 1989. This increment was $7.6 billion for the net oil-exporting developing countries that are not members of OPEC. The largest incremental oil export revenues were, among OPEC members, obtained by Iran, Nigeria, Saudi Arabia, the United Arab Emirates and Venezuela. The largest increments in the value of oil exports outside OPEC were in Angola, Egypt, Malaysia and Mexico. In several oil-exporting countries the oil sector has a high weight in the economy, and thus, even if their incremental oil revenues were not among the largest, a high growth rate in domestic oil production in 1990 translated into higher GDP growth.

7. Contrary to the experience during the two past major oil price hikes, this time the increments in oil revenues were not available in large amounts for recycling or support to other developing countries. The reasons vary. In Saudi Arabia and other Gulf countries, war-related expenditures, including the support of foreign troops, absorbed much of the windfall revenue. In other

countries, such as Egypt, losses of workers remittances, tourism and other service revenues more than cancelled the extra oil revenue. And this time some of the net oil-exporting countries have large external debts, and, although the additional oil revenue temporarily improved their balance of payments, it did not bring about a surplus sufficient to expand lending activities.

8. The incremental oil bill of 1990 is estimated to have been $41 billion for the developed market economies, nearly $2 billion for Eastern Europe and $10 billion for oil-importing developing countries.

9. The rise in oil prices meant increased balance-of-payments pressure for the majority of developing countries. Energy consumption increases with the size of a country's industry and, thus, among the developing countries, it is not surprising that the largest increments in the oil bill, in absolute terms were borne by Brazil, India, the Republic of Korea, Singapore, Turkey and Yugoslavia. The largest adverse impact, however, occurred in a number of small and poorer countries, in particular in sub-Saharan Africa, where the oil bill is small in absolute terms, but where it weighs heavily on the balance of payments and as a share of national income. Moreover, lacking emergency oil stocks and having, in general, low foreign exchange reserves, developing countries lacked the flexibility to absorb a sudden price rise.

10. Table 1 presents estimates of the increment in the 1990 oil bill for countries adversely affected by the oil price rise. The list of countries includes only those for which information on the volume of imports in 1989 was available and for which the incremental oil bill is about 2 per cent of total foreign exchange earnings (the sum of merchandise exports, factor and non-factor service credits and private transfer earnings, mostly workers' remittances - that is, net of official transfers and private grants). The figures should be interpreted as underestimates, given that most of the countries import not only crude but also a mixture of crude and petroleum products. The average price of the mixture is higher than the crude price used in the estimates.

11. All the sub-Saharan African countries listed in table 1 had, together, an incremental oil bill of less than half a billion dollars. And yet for each of those countries the increment alone absorbed at least some 2 per cent of all their foreign exchange earnings; for most of them that share was above 3 per cent. Another category of developing countries hard hit by oil price rises are rapidly growing economies in a stage of industrialization in which the growth in energy consumption outstrips overall economic growth. Thailand, which had an estimated increment in its oil bill of at least $600 million in 1990, is such a case.

Table 1. Countries heavily affected by the increase in oil prices in 1990

Country a/	Estimated increment in the oil bill b/ (millions of $US)	As share of foreign exchange earnings c/
Bangladesh	62	2.5
Brazil	773	2.2
Bulgaria	302	1.9
Chad	4	2.0*
Chile	196	1.8
Czechoslovakia	416	2.4
Djibouti	4	8.6
Dominican Republic	76	3.3
El Salvador	28	2.4**
Ethiopia	33	4.8**
Ghana	31	3.3
Guatemala	36	2.2
Honduras	22	1.9
India	509	2.2*
Jamaica	61	2.9*
Jordan	119	3.9*
Kenya	65	3.2
Lebanon	113	16.8
Liberia	12	6.5**
Madagascar	12	2.3*
Mauritania	41	8.0*
Morocco	200	3.1*
Mozambique	14	9.7*
Nicaragua	27	7.5
Pakistan	303	5.8
Papua New Guinea	32	2.0*
Philippines	428	3.3*
Poland	491	3.0
Romania	227	2.2
Rwanda	6	3.5*
Senegal	50	3.7*
Seychelles	6	2.9*
Sri Lanka	58	2.5*
Sudan	43	3.5*
Thailand	585	2.2*

Table 1 (continued)

Country a/	Estimated increment in the oil bill b/ (millions of $US)	As share of foreign exchange earnings c/
Turkey	674	3.1*
Uganda	12	4.8*
United Republic of Tanzania	26	4.8*
Uruguay	65	2.9
Viet Nam	38	1.8
Yugoslavia	435	1.7*
Zambia	20	1.8
Zimbabwe	30	1.8

Source: Department of International Economic and Social Affairs, United Nations Secretariat, preliminary estimates based on partial data.

* As share of 1989 foreign exchange earnings.

** As share of 1988 foreign exchange earnings.

a/ Countries for which the estimated 1990 incremental oil bill is equivalent to about 2 per cent and above of their foreign exchange earnings.

b/ Based on 1989 net imports in tons, assuming a 4 per cent increase in volume in 1990 and average oil prices of $17.50 per barrel in 1989 and $22.20 per barrel in 1990.

c/ Foreign exchange earnings are the sum of merchandise exports, service credit (factor and non-factor) and private transfer earnings, mainly workers remittances (i.e., net of official transfers and private grants).

12. The rise in oil prices in 1990 raised inflation in the developed market economies by an estimated half percentage point. It also increased inflationary pressure for net oil-importing developing countries. It seems that most countries passed on the increase in oil prices to the domestic users of energy, even though not always immediately or by the full amount of the increase. In Eastern European countries, the oil price increase added to inflationary pressures, complicating even further macro-economic management in the transition period. The oil price is far from being the only or even the most important inflationary factor in net oil-importing countries. Even so, it is no coincidence that inflation increased towards the fourth quarter of 1990 in the majority of oil-importing developing countries. 5/ For some high-inflation countries, domestic fuel prices had to be increased during the implementation of overall anti-inflationary policy packages, making more difficult the attempted reversal of inflationary expectations.

13. There can be no doubt about the unsettling impact that the invasion of Kuwait had on oil markets. But the course of oil prices after the initial shock were also affected by such an important decision as the increased production by OPEC members which made up for the shortfall caused by the withdrawal of Iraqi and Kuwaiti oil resulting from the embargo. This failed to stem the demand from those who expected higher prices and shortfalls in case of war. Not until January 1991, when military force was deployed against Iraq, was it made clear that strategic oil reserves would be used to keep prices down. The disruptions caused by the gyrations of the oil price in the autumn of 1990 could have been avoided if a similar decision had been taken earlier. That this was not done was due to unclear ideas about the uses of strategic reserves. It was thought that they were not meant to be used for price stabilization but only in extreme emergencies, and the crisis occasioned by the invasion of Kuwait was not seen as sufficiently extreme to warrant a release of reserves. And yet, with hindsight, it seems that the widespread consequences of the temporary flare-up of the oil price in the second half of 1990 could have been avoided by earlier action to calm the markets. Once Iraq and Kuwait restore pre-conflict oil production levels, appropriate adjustments will need to be made by other OPEC members in their production levels so as to avoid a sharp decline in the price of oil.

II. THE FLIGHT OF MIGRANT WORKERS

14. In a number of developing countries, workers' remittances are an essential source of foreign exchange. Remittances from the Gulf area represent a high share in the balance of payments of the "new emigration countries" - those in which high levels of workers' emigration had followed the oil-price increases in the 1970s and was induced by rapid economic expansion in the oil-exporting countries. In a few of these countries - namely, Egypt, Jordan, Pakistan and Yemen - recorded workers' remittances by the mid 1980s were almost as high or even higher than exports of merchandise. In 1989, recorded remittances were higher than merchandise exports in Egypt (113 per cent of merchandise exports). They were the equivalent of 77 per cent of merchandise exports in Sudan, and near 60 per cent in Bangladesh, Jordan and Yemen. 6/

15. No precise figures exist on the presence of foreign workers in the Gulf area, and the estimates of the numbers affected by the crisis have varied. It is known that prior to the crisis, the highest contingents of workers and their families living in Iraq and Kuwait were Egyptians (perhaps 1 million) and Palestinians and Jordanians (nearly half a million). It has been reported that half a million workers and their families returned to Egypt. Most of the 850,000 Yemeni workers and their families had to return from the Gulf area. The estimates of the number of returnees to Jordan vary from 330,000 to 400,000. Repatriations were also very high for a number of countries in South and East Asia: India (200,000), Pakistan (140,000), Bangladesh and Sri Lanka (about 100,000 each) and the Philippines (60,000). For a few more countries, such as Sudan, the Syrian Arab Republic and Viet Nam, the number of returnees, though smaller, is still important (see table 2).

16. Apart from the human costs of such a massive return over a short period of time, several countries have to face a reduction in workers' remittances which put an additional pressure on their balance of payments at a time in which their oil bill increased. Heaviest losses from remittances will fall on Egypt, Jordan, the scattered Palestinians, North Africa, Sudan, Yemen and several countries in South and East Asia (see table 2).

17. The loss in remittances are only a part of the story, for they do not include costs associated with repatriation, subsistence and job creation for returnees. In some cases these costs arise not only from the return of their own nationals but from the large presence of refugees. These costs can be important, as for Turkey. In some countries, the cost of resettling and providing a minimum of services to a large number of returnees is straining weak government budgets.

Table 2. Countries affected by repatriation and loss of remittances due to the Gulf crisis

Country	Recorded remittances, 1989 (millions of $US)	As percentage of merchandise exports, 1989	Number of returnees (thousands)	Estimated yearly loss of remittances (millions of $US)	As share of foreign exchange earnings a/
Bangladesh	758	58.1	100	160	6.4
Egypt	4 257	113.4	500	1 270	10.2
India	2 819	17.5	200	400	1.7
Jordan	627	56.5	400	400	13.3
Lebanon	...	...	50	150	22.4
Mauritania	5	1.1	...	3	0.6
Morocco	1 336	40.3	...	...	...
Pakistan	2 010	41.0	140	300	3.7
Philippines	1 362	17.4	60	60	0.5
Somalia	20	29.5	...	...	...
Sri Lanka	356	22.8	100	110	4.7
Sudan	417	76.8	30	300	24.2
Syrian Arab Republic	355	12.6	50	360	7.0
Thailand	942	4.7	10	10	0.04
Tunisia	488	16.6	...	100	1.8
Viet Nam	...	...	16	20	1.0
Yemen	438	60.8	850	450	40.3
Yugoslavia	6 290	46.4	4	23	0.1

Source: Department of International Economic and Social Affairs/United Nations estimates, based on IMF balance-of-payments data, country submissions to the Security Council and other sources.

a/ Foreign exchange earnings are the sum of merchandise exports, factor and non-factor services credit and private transfer earnings - mostly remittances (i.e., net of official transfers and private grants).

III. THE IMPACT ON TRADE AND TOURISM

18. Soon after the invasion of Kuwait by Iraq, the Security Council approved a trade embargo against Iraq. For world trade in goods and services as a whole, the effects of the trade embargo were small, given that Kuwait and Iraq together accounted for less that 1 per cent of world merchandise trade. Freights increased due to higher fuel prices, and insurance prices went up, but it is unlikely that the higher cost of transport, together with the trade embargo, had more than a half percentage point impact on the overall level of world trade in 1990.

19. Country-specific effects of the trade embargo, however, were very large in some cases. 7/ For only half a dozen countries - mostly developing countries: Jordan, Lebanon, Romania, Sri Lanka, Turkey, Yugoslavia - the share of merchandise exports to Iraq and Kuwait in total foreign exchange earnings was over 1 per cent (see table 3).

20. Jordan was the most adversely affected country, since Iraq and Kuwait represented about 20 per cent of its export markets in 1989, and the corresponding export earnings were about 9 per cent of its total foreign exchange earnings. It is followed by Turkey (for which the corresponding figure is 6 per cent of total foreign exchange earnings) and Lebanon (7 per cent). Other countries for which the export loss from the trade embargo is relatively heavy are Romania, Sri Lanka and Yugoslavia.

21. For a few countries the interruption of imports due to the implementation of the embargo caused especial difficulties. Countries that relied on supplies from Iraq and Kuwait for a high proportion of their oil imports suffered from the disruption in energy supplies. Most vulnerable were those countries that did not have emergency stocks of oil or hard currency reserves which would have allowed them to switch instantly to the spot market for alternative oil supplies. Jordan, in particular, which received 80 per cent of its oil from Iraq, had to rearrange its supplies. 8/ Cyprus and Turkey also received most of their oil from Iraq. The share of Iraqi and Kuwaiti oil in total oil imports was 50 per cent for Pakistan and 20 per cent for India and the Philippines. Other countries that had a high share of Iraqi and Kuwaiti oil in their oil imports and suffered from a disruption in their previous supplies include Mauritius, Romania, Seychelles, Yugoslavia, Zambia and Zimbabwe.

Table 3. Direct impact of the trade embargo

Country a/	Exports to Iraq and Kuwait, 1989 b/ (millions of $US)	Potential yearly losses of exports as share of total foreign exchange earnings c/
Bangladesh	13	0.5
Brazil	435	1.0
India	153	1.0
Jordan	263	9.0
Lebanon	47	7.0
Mauritania	4	1.0
Morocco	48	1.0
Poland	56	0.5
Romania	846	8.0 d/
Sri Lanka	54	2.5
Sudan	3	0.5
Thailand	142	0.5
Tunisia	54	1.0
Turkey	1 299	6.0
United Arab Emirates	193	1.5
Uruguay	25	1.0
Yugoslavia	352	1.5

Source: Department of International Economic and Social Affairs/United Nations estimates, based on IMF direction of trade and balance-of-payments data, and national sources.

a/ Countries listed are those for which exports to Iraq and Kuwait in 1989 represented at least half a percentage point of their total foreign exchange earnings.

b/ Imports by Iraq and Kuwait.

c/ Exports over total foreign exchange earnings, calculated as the sum of merchandise exports, services credit (factor and non-factor) and private transfer earnings - mainly worker remittances (i.e., net of official transfers and private grants). Shares are rounded to the nearest half percentage point.

d/ Share in merchandise exports.

22. The impact of the embargo and of the Gulf crisis on trade in services was equally uneven. Tourism and transportation, in particular, suffered world wide in 1990 and even more so in the first quarter of 1991, from the combined effect of recession, higher fuel prices and widespread fear of flying induced by the Gulf crisis and later by the war. The international air transport and travel industry was badly hurt; the effects even trickled down to the producers of photographic material. Final numbers are not in yet, but estimates of a 20-25 per cent decline in overall travel trade during the southern hemisphere summer season do not seem exaggerated. 9/ In the Gulf region, of course, the decline in tourism was directly related to the conflict. Apart from Iraq and Kuwait, the heaviest losses were incurred by Cyprus, Egypt, Israel, Jordan, Kenya, Malta, Morocco, Tunisia and Turkey. 10/ Estimates of the loss in tourism revenues in 1990-1991 in the Gulf "front-line" States go as high as $1 billion for Egypt, $700 million for Jordan, $1.3 billion for Turkey. 11/ Some Asian countries in which tourism had been growing very fast in recent years, such as Thailand and Indonesia, also saw a decline in tourist arrivals from North America and Europe, even though their overall tourism earnings continued to increase.

23. Lost service contracts and service fees were important for a few countries, such as fees for commercial shipping through the Suez Canal for Egypt, transit trade fees from trucking and from the port of Aqaba for Jordan, pipeline and transport fees for Turkey. Some countries were affected by the cessation of Iraqi debt servicing, especially Central and Eastern European countries that were being repaid in oil, or by the loss of Iraqi oil that was being supplied on concessional terms. Other countries lost aid, either on political grounds, given their position in the conflict (like Yemen), or owing to the decline in foreign aid and project finance that had been available from Kuwait, Iraq and regional development funds such as the Kuwait-based Arab Fund for Economic and Social Development (AFESD).

IV. MEASURES TAKEN IN SUPPORT OF THE AFFECTED COUNTRIES AND PEOPLES

24. Almost immediately after the invasion of Kuwait, bilateral efforts by developed and developing countries and multilateral efforts, in particular by the United Nations system and non-governmental organizations, were undertaken to cope with the problem of refugees, displaced persons and foreign communities in Iraq and Kuwait affected by the economic sanctions. Such efforts were directed to avoid hunger and malnutrition, reduce health hazards and speed up the return of migrant workers and their families to their countries of origin. At the end of the military conflict, a major concern arose regarding the situation of civilian populations in Iraq and Kuwait. The Secretary-General appointed a Special Representative to visit both countries in March and assess the needs for humanitarian assistance. Non-governmental organizations also responded rapidly to help countries involved in the conflict. More recently, humanitarian efforts - bilateral and multilateral, including the non-governmental organizations - have focused on displaced persons in the aftermath of the military conflict, in particular, the Kurdish population.

25. In the economic sphere, some support to oil-importing developing countries was provided by oil-exporting countries. OPEC member countries recommended in a meeting of August 1990 that additional supplies from OPEC should be primarily directed to developing countries. Nigeria pledged to supply oil at favourable prices to several African countries. Mexico and Venezuela extended the San José Accord and agreed to sell oil on concessional terms to five Central American countries. 12/ Despite these actions, the oil bill of energy-importing developing countries went up.

26. The consultations mechanism established by the Security Council in accordance with article 50 of the Charter of the United Nations provided, for those countries that have requested consultations, a forum to examine the special economic problems arising from the implementation of the trade embargo. But it does not have a financial support arrangement directly related to it or other forms of material assistance.

27. The largest funds made available to assist countries most affected by the Gulf crisis have been channelled through the Washington-based Gulf Crisis Financial Coordination Group (GCFCG), which is assisted by the IMF and the World Bank. Some two thirds of the nearly $16 billion pledged through the GCFCG were earmarked to the "front-line" States - Egypt, Jordan and Turkey. The rest was intended for other countries affected by the crisis which joined the coalition. There is no full detail about the exact distribution of the assistance provided via GCFCG. 13/

28. The World Bank group announced an increase in financial assistance from IBRD of $1.1 billion in 1991, for lending to the affected countries, and an expanded international development assistance (IDA) programme of about $630 million special drawing rights (SDR). Three quarters of the overall IDA programme in response to the Gulf crisis were to be used to assist the most immediately affected countries, starting with Bangladesh, India, Pakistan and Sri Lanka. The IDA programme also includes emergency operations in Egypt and Yemen aimed at setting up infrastructure, social services and employment-creation programmes for repatriated workers. The remainder would go to low-income countries most seriously affected in Africa and Central America. 14/

29. Support by the IMF was provided in the context and under the conditions of the existing comprehensive adjustment programmes. It was not considered necessary to create new instruments to provide financial relief to the Fund's members that are facing balance-of-payments difficulties derived from the Gulf crisis. Assistance was to be provided under the existing arrangements, including stand by, the structural adjustment facility (SAF), the enhanced structural adjustment facility (ESAF) and the compensatory and contingency financing facility (CCFF). Adjustments were made, however, to take into account the balance-of-payments shocks coming from the Gulf crisis. Temporarily, an oil import element was introduced into the compensatory and contingency financing facility to cover excess costs of imports of crude petroleum, petroleum products and natural gas. Countries making use of it were required to undertake satisfactory energy policy actions prior to any

drawing. The IMF disbursed some SDR 2 billion to nine members, mostly from Eastern Europe, under the oil element of the compensatory and contingency financing facility. Some flexibility and increased access to some of the Fund's facilities were introduced, and the coverage of the compensatory and contingency financing facility became broader. While previously only workers' remittances and travel receipts could be included in the calculations of export shortfalls to be financed, in November 1990 the coverage of IMF compensatory financing was extended to include losses in other services, such as receipts from pipelines, canals, shipping, transportation, construction and insurance. The requirement that financial assistance was to be provided only in the context of a stand-by arrangement or an adjustment programme was not modified.

30. The hardships brought about by the conflict have led to various efforts of humanitarian nature and new or strenghtened forms of economic assistance to cope with the problems that arose. Yet difficulties persist, as examined above. Some of the consequences of the events in the Gulf area will be long term. It is thus important to monitor future developments, in particular in countries that have been seriously affected. Moreover, a continuous assessment of cooperation efforts in relation to the needs emerging as a result of the Gulf crisis is required so that these countries are enabled to overcome the difficulties left in its aftermath.

Notes

1/ See "Report to the Secretary-General by a United Nations mission led by Mr. Abdulrahim A. Farah, former Under-Secretary-General, assessing the scope and nature of damage inflicted on Kuwait's infrastructure during the Iraqi occupation of the country from 2 August 1990 to 27 February 1991" (S/22535, 29 April 1991); World Economic Survey, 1991 (United Nations publication, forthcoming), box 5.1; "Up in flames: Kuwait's burning oil wells are a sad test of theories", Scientific American (May 1991), pp. 17-24.

2/ For an analysis of the impact of the Gulf crisis on the world economy and on growth in individual countries, see World Economic Survey, 1991 (United Nations publication, forthcoming), chap. II. See also "The impact of the Gulf crisis on developing countries". Briefing paper, Overseas Development Institute, London, March 1991; "The economic impact of the Gulf crisis on third world countries". Memorandum to the Foreign Affairs Select Committee, jointly submitted by Catholic Fund for Overseas Development, Catholic Institute for International Relations, Christian Aid, OXFAM, Save the Children Fund and World Development Movement, London, March 1991; African Development Bank, African Development Report, 1991, pp. 40-43; Asian Development Bank, Asian Development Outlook, 1991, box 1.1.

3/ The loss of human lives and the large-scale destruction of physical assets in Iraq and Kuwait are of a different nature and are not treated here. See "Report to the Secretary-General on humanitarian needs in Kuwait and Iraq in the immediate post-crisis environment by a mission to the area led by

Notes (continued)

Mr. Martti Ahtisaari, Under-Secretary-General for Administration and Management" (S/22366, 20 March 1991). See also report of a mission to Kuwait led by Mr. Abdulrahim A. Farah (S/22535, 29 April 1991).

4/ For detailed analysis of the tumult in the international energy market in 1990, see World Economic Survey, 1991 (United Nations publication, forthcoming), chap. V.

5/ For oil-importing developing countries for which information is available, inflation between the second and the last quarters of 1990 accelerated in three quarters of the cases. Countries for which inflation is low (below an annual 10 per cent) or very high (over 100 per cent) are not included in this comparison.

6/ Recorded remittances should be taken as the lowest estimates. The actual flow is higher than recorded in balance-of-payments assistance. See "The impact of workers' remittances on the balance of payments", Supplement to the World Economic Survey, 1983 (United Nations publication, Sales No. E.83.II.C.3).

7/ After Security Council resolution 661 was adopted on 6 August 1990, the following countries requested consultations in accordance to article 50 of the Charter of the United Nations, regarding special economic problems arising from the carrying out of the resolution: Bangladesh, Bulgaria, Czechoslovakia, Djibouti, India, Jordan, Lebanon, Mauritania, Pakistan, the Philippines, Poland, Romania, Seychelles, Sri Lanka, Sudan, Syrian Arab Republic, Tunisia, Uruguay, Viet Nam, Yemen and Yugoslavia.

8/ See "Report on a mission to Jordan undertaken by the Special Representative of the Secretary-General, Mr. Jean Ripert, former Director-General for Development and International Economic Cooperation" (S/21938, 13 November 1990).

9/ According to a survey of international airlines, hotels and travel agents prepared in January 1991 by the United States Travel and Tourism Administration, some two thirds thought their long-haul business was off by more than 40 per cent ("Broadening the mind: a survey of world travel and tourism", The Economist (23 March 1991)). In March 1991, the European Community took the decision to support European airlines temporarily from some of the air travel repercussions of the Gulf war (Financial Times, 18 March 1991)).

10/ See GATT Newsletter, No. 80 (April 1991). See also World Economic Survey, 1991 (United Nations publication, forthcoming), chap. III.

11/ International Monetary Fund/World Bank staff calculations, requested by the Gulf Crisis Financial Coordination Group.

Notes (continued)

12/ The arrangement is that the cost of oil would be returned to the five Central American nations (Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua) via two credit routes. About 20 per cent would go directly into the central banks of each nation, and the remaining 80 per cent to the Inter-American Development Bank (IDB) to finance development projects under moderate interest rates and five-year repayment schemes. If the price of oil falls below $17 per barrel, this financing mechanism is eliminated. If it goes beyond $27 per barrel, the ratio of the central bank to IDB changes from 20:80 to 30:70.

13/ Commitments by April 1991 had totalled nearly $16 billion, of which about half had been disbursed.

14/ The World Bank and the IMF have suggested a mechanism for coordination of the assistance for rehabilitation and reconstruction to countries affected by the Gulf crisis and the war; some type of consultative meeting between the individual recipient country and donor Governments within and outside the region and with multilateral and regional institutions.